



By Email Only  
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Catherine Warhurst  
Ofcom  
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2<sup>nd</sup> June 2017

Dear Catherine,

I am writing on behalf of the UK Competitive Telecoms Association (UKCTA) in response to Ofcom's consultation into financial reporting for standalone landline telephone services.

UKCTA, as one of the leading voices in the UK fixed telecommunications industry has consistently argued for high quality, transparent regulatory accounting information to be made available to both Ofcom and stakeholders. Regulatory accounting information is key to ensure Ofcom's market remedies are effective. Regulatory Accounting output is used to complete charge controls, investigate disputes and to assess the overall competitiveness of any given market. Without it, Ofcom and stakeholders are left at a significant disadvantage, and the negative consequences will be felt by UK consumers.

We support Ofcom's introduction of publically available volume information. UKCTA considers that it is important for all stakeholders in the market to understand how this sector is changing as a results of market developments and the introduction of this retail regulation. We also agree with Ofcom's proposal to require the production of volume information, segmented by additions, losses, plan type, and migration route.

Given BT's SMP status in this market (with over 70% market share) we also consider it necessary that BT provides profitability and costing information in this area. We believe that investment in systems to produce this material would be worthwhile and have reservations about relying on management accounts and manual processes that afford more scope for errors over time.

If Ofcom are to rely on a manual work around to produce this material, then it is imperative that it is robustly audited each year to ensure accuracy and consistency over time. This would require the information to be reconciled to the regulatory financial statements, produced in accordance with the regulatory accounting

principles, and audited by an external body. These safeguards are needed to ensure accuracy, taking into account the fact the numbers produced will be used to assess the success or failure of Ofcom's intervention, which is aimed at protecting the consumer interest.

Yours sincerely,

A handwritten signature in black ink that reads "Rosaleen Hubbard". The signature is written in a cursive style with a distinct loop at the end of the name.

Rosaleen Hubbard

**UKCTA**